



In re: Stambaugh Aviation, Inc.  
Debtor

Case No. 1-02-03208  
Reporting Period: December 1 thru December 31, 2002

**STATEMENT OF OPERATIONS**  
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

	Month	Cumulative YTD to Date
<b>REVENUES</b>		
Gross Revenues	\$41,350	282,518
Less: Returns and Allowances		
Net Revenue	\$41,350	\$282,518
<b>COST OF GOODS SOLD</b>		
Beginning Inventory	132,921	132,921
Add: Purchases	9,506	12,758
Add: Cost of Labor	9,392	66,588
Add: Other Costs (attach schedule)		
Less: Ending Inventory	132,921	132,921
Cost of Goods Sold	\$18,898	\$79,346
Gross Profit	\$22,452	\$203,172
<b>OPERATING EXPENSES</b>		
Advertising	240	1,129
Auto and Truck Expense		
Bad Debts		
Contributions	277	1,747
Employee Benefits Programs		
Insider Compensation *	599	3,910
Insurance		
Management Fees/Bonuses	446	2,881
Office Expense		490
Pension & Profit-Sharing Plans	875	1,323
Repairs and Maintenance	4,929	27,438
Rent and Lease Expense	1,277	61,719
Salaries, Commissions/Fees	768	2,282
Supplies	942	8,650
Taxes - Payroll		
Taxes - Real Estate		342
Taxes - Other	780	7,495
Travel and Entertainment	1,926	5,135
Utilities		882
Other (attach schedule)		
Total Operating Expenses Before Depreciation	\$13,059	\$125,423
Depreciation/Depletion/Amortization	992	6,944
Net Profit (Loss) Before Other Income & Expenses	\$8,401	\$70,805
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (attach schedule)		
Interest Expense	2,757	14,869
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	\$5,644	\$55,936
<b>REORGANIZATION ITEMS</b>		
Professional Fees	500	750
U. S. Trustee Quarterly Fees		
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses	\$500	\$750
Income Taxes		
Net Profit (Loss)	\$5,144	\$55,186

\* "Insider" is defined in 11 U.S.C. Section 101(31)

FORM MOR-2

(9/99)

STM04328

In re: Stambaugh Aviation, Inc  
Debtor

Case No. 1-02-03208  
Reporting Period: \_December 1 thru December 31, 2002

## STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY	Debit	Credit
<b>Other Costs</b>		
<b>Other Operational Expenses</b>		
Licenses		800
Uniforms		82
<b>Other Income</b>		
<b>Other Expense</b>		
<b>Other Reorganization Expenses</b>		

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:  
Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

FORM MOR-2 (CONT)  
(9-99)

In re: Stambaugh Aviation, Inc.  
Debtor

Case No. 1-02-03208  
Reporting Period: December 1 thru December 31, 2002

## BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Equivalents	13,704	6,864
Restricted Cash and Cash Equivalents (see continuation sheet)		
Accounts Receivable (Net)	14,867	15,292
Notes Receivable		
Inventories	132,921	132,921
Prepaid Expenses		4,066
Professional Retainers		
Other Current Assets (attach schedule)		
<b>TOTAL CURRENT ASSETS</b>	<b>\$161,492</b>	<b>\$159,143</b>
<b>PROPERTY AND EQUIPMENT</b>		
Real Property and Improvements		
Machinery and Equipment	554,258	554,258
Furniture, Fixtures and Office Equipment	100,391	100,391
Leasehold Improvements	24,314	24,314
Vehicles	16,706	16,706
Less Accumulated Depreciation	(659,130)	(652,184)
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>\$36,539</b>	<b>\$43,485</b>
<b>OTHER ASSETS</b>		
Loans to Insiders*		
Other Assets (attach schedule)	11,942	11,942
<b>TOTAL OTHER ASSETS</b>	<b>\$11,942</b>	<b>\$11,942</b>
<b>TOTAL ASSETS</b>		

LIABILITIES AND OWNERS' EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Accounts Payable		
Taxes Payable (refer to FORM MOR-4)	816	
Wages Payable (Paid 1/2/03)	18,145	
Notes Payable		
Rent / Leases - Building/Equipment		
Secured Debt / Adequate Protection Payments		
Professional Fees		
Amounts Due to Insiders*		
Other Postpetition Liabilities (attach schedule)	2,164	
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>\$21,125</b>	<b>\$0</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt	486,085	499,915
Priority Debt	557,016	584,074
Unsecured Debt	746,447	754,223
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>\$1,789,548</b>	<b>\$1,838,212</b>
<b>TOTAL LIABILITIES</b>	<b>\$1,810,673</b>	<b>\$1,838,212</b>
<b>OWNER EQUITY</b>		
Capital Stock	100	100
Additional Paid-In Capital		
Partners' Capital Account		
Owner's Equity Account		
Retained Earnings - Pre-Petition	(1,635,986)	(1,623,742)
Retained Earnings - Postpetition	55,186	
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
<b>NET OWNER EQUITY</b>	<b>(\$1,600,700)</b>	<b>(\$1,623,642)</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		

FORM MOR-3  
(9-99)

\* "Insider" is defined in 11 U.S.C. Section 101(31).

STM04330



In re: Stambaugh Aviation, Inc.  
Debtor

Case No. 1-02-03208  
Reporting Period: December 1 thru December 31, 2002

## BALANCE SHEET - continuation sheet

ASSETS		BOOK VALUE AS OF CURRENT REPORTING MONTH	BOOK VALUE AS OF PREVIOUS DATE
Other Current Assets			
Other Assets			
Security Deposit		11,942	11,942
LIABILITIES AND OWNER EQUITY		BOOK VALUE AS OF CURRENT REPORTING MONTH	BOOK VALUE AS OF PREVIOUS DATE
Other Payable Liabilities			
Accrued Interest Payable to Bank		2,164	
Adjustments to Owner Equity			
Respect on Contributions (Distributions) (Draws)			

Restricted Cash: cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

FORM MOR-3 (CONT)  
(9/99)

STM04331

In re: Stambaugh Aviation, Inc.  
Debtor

Case No. 1:02-01208  
Reporting Period: December 1 thru December 31, 2002

### STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.  
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.  
Attach photocopies of any tax returns filed during the reporting period.

	Beginning Balance	Payments	Deposits	Payments	Deposits	Ending Balance
Federal:						
Withholding	0.00	1,570.06	1,570.06	12/11 & 12/24	EFT	0.00
FICA-Employee	0.00	911.81	911.81	12/11 & 12/24	EFT	0.00
FICA-Employer	0.00	911.81	911.81	12/11 & 12/24	EFT	0.00
Unemployment (Due quarterly)	94.62					94.62
Income						0.00
Other:						0.00
Total Federal Taxes	\$94.62	\$3,393.68	\$3,393.68			\$94.62
State:						
Withholding	0.00	712.78				712.78
Sales						0.00
Excise						0.00
Unemployment (Due quarterly)	7.94					7.94
Real Property						0.00
Personal Property						0.00
Other:						0.00
Total State and Local	\$7.94	\$712.78	\$0.00			\$720.72
Total Taxes	\$102.56	\$4,106.46	\$3,393.68			\$815.34

### SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable

	Current	30-60 Days	60-90 Days	Over 90 Days	Total
Accounts Payable					0
Wages Payable	18,145				18,145
Taxes Payable	816				816
Rent/Lease-Building					0
Rent/Lease-Equipment					0
Secured Debt/Adequate Protection Payments					0
Professional Fees					0
Amounts Due to Insiders*					0
Other Interest Payable to Bank	2,164				2,164
Other Accrued Expenses					0
Total Postpetition Debts	21,125				21,125

Explain how and when the Debtor intends to pay any past-due postpetition debts.

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\*"Insider" is defined in 11 U.S.C. Section 101(31)

FORM MOR-4  
(9/99)

In re: Stanbaugh Aviation, Inc  
Debtor

Case No. 1-02-03208  
Reporting Period: December 1 thru December 31, 2002

### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	14,917
+ Amounts billed during the period	41,350
- Amounts collected during the period	41,400
Total Accounts Receivable at the end of the reporting period	14,867

Accounts Receivable Aging	Amount
0 - 30 days old	
31 - 60 days old	
61 - 90 days old	
91+ days old	14,867
Total Accounts Receivable	14,867
Amount considered uncollectible (Bad Debt)	14,542
Accounts Receivable (Net)	325

### DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1 Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2 Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3 Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4 Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	

FORM MOR-5  
(9/99)

UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF PENNSYLVANIA

In re: Stambaugh Aviation, Inc.

Case No. 1-02-03208

Reporting Period: December 1 thru December 31, 2003

**MONTHLY OPERATING REPORT**

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CONT)	X	
Copies of bank statements			
Cash disbursements journals			
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Postpetition Debts	MOR-4	X	
Listing of aged accounts payable			
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Debtor Questionnaire	MOR-5	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Authorized Individual\*

\_\_\_\_\_  
Date

2/27/04

Mark R. Stambaugh

Printed Name of Authorized Individual

President

Title of Authorized Individual

\* Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

FORM MOR  
(9/99)

STM04334



In re: Stanbrough Aviation, Inc.  
DebtorCase No. 1:00-cv-00660  
Reporting Period: December 1 thru December 31, 2000

## SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS FINANCIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

BANK ACCOUNTS					CURRENT MONTH		CUMULATIVE PERIOD TO DATE	
	OPER	PAYROLL	TAX	OPER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	(4,753.93)	5,448.19			684.17		5,785.62	
RECEIPTS								
CASH SALES					0.00		0.00	
ACCOUNTS RECEIVABLE	18,578.73				18,578.73		793,317.13	
LOANS AND ADVANCES					0.00		0.00	
SALE OF ASSETS					0.00		0.00	
OTHER (ATTACH LIST)					0.00		72,424.23	
TRANSFERS (FROM DIP ACCTS)		5,173.05			5,173.05		261,598.37	
							0.00	
TOTAL RECEIPTS	18,578.73	5,173.05	0.00	0.00	24,751.78	0.00	1,127,336.78	0.00
DISBURSEMENTS								
NET PAYROLL		12,886.11			12,886.11		287,025.60	
PAYROLL TAXES					0.00		67,823.56	
SALES, USE, & OTHER TAXES					0.00		445.27	
INVENTORY PURCHASES	2,972.56				2,972.56		159,079.54	
SECURED RENTAL LEASES					0.00		204,568.61	
INSURANCE	1,152.00				1,152.00		5,097.00	
ADMINISTRATIVE	398.89	34.00			432.89		10,577.43	
SELLING					0.00		20,254.54	
OTHER (ATTACH LIST)	2,415.54				2,415.54		118,380.75	
					0.00		0.00	
OWNER DRAW -					0.00		0.00	
TRANSFERS (TO DIP ACCTS)	5,173.05				5,173.05		261,598.17	
					0.00		0.00	
PROFESSIONAL FEES					0.00		0.00	
U.S. TRUSTEE QUARTERLY FEES					0.00		0.00	
COURT COSTS					0.00		0.00	
TOTAL DISBURSEMENTS	13,111.04	12,970.11	0.00	0.00	25,081.15	0.00	1,134,750.00	0.00
NET CASH FLOW	5,467.69	(5,797.06)	0.00	0.00	(1,329.37)	0.00	(7,410.82)	0.00
RECEIPTS LESS DISBURSEMENTS								
CASH - END OF MONTH	703.76	13,343.95	0.00	0.00	(545.20)	0.00	(545.20)	0.00

\* COMPENSATION TO SILE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE.

## THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES - (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	25,081.15
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	6,173.05
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from estate accounts)	0.00
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	18,908.10

FORM MOR-1  
(9-00)

Stanbaugh Aviation, Inc.  
Debtor

Case No. 00-01218  
Reporting Period December 1 thru December 31, 2003

**STATEMENT OF OPERATIONS**  
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	Month	Cumulative Filing to Date
Gross Revenues	\$18,579	1,036,954
Less: Returns and Allowances		
Net Revenue	\$18,579	\$1,036,954
<b>COST OF GOODS SOLD</b>		
Beginning Inventory	129,382	132,921
Add: Purchases	3,871	73,357
Add: Cost of Labor	5,429	413,575
Add: Other Costs (attach schedule)		
Less: Ending Inventory	129,382	129,382
Cost of Goods Sold	\$9,300	\$490,471
Gross Profit	\$9,279	\$546,483
<b>OPERATING EXPENSES</b>		
Advertising	33	120
Auto and Truck Expense		2,221
Bad Debts		
Contributions		
Employee Benefits Programs	979	4,551
Insider Compensation*		
Insurance	1,507	21,826
Management Fees/Bonuses		
Office Expense	445	14,343
Pension & Profit-Sharing Plans		490
Repairs and Maintenance	191	46,871
Rent and Lease Expense		87,567
Salaries/Commissions/Fees	1,920	118,466
Supplies	1,558	11,742
Taxes - Payroll	1,897	47,353
Taxes - Real Estate		
Taxes - Other		638
Travel and Entertainment	943	68,574
Utilities	2,004	56,332
Other (attach schedule)	165	2,696
Total Operating Expenses Before Depreciation	\$11,642	\$483,790
Depreciation/Depletion/Amortization	1,950	18,475
Net Profit (Loss) Before Other Income & Expenses	(\$4,313)	\$44,218
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (attach schedule)		
Interest Expense	1,735	37,547
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	(\$6,048)	\$6,671
<b>REORGANIZATION ITEMS</b>		
Professional Fees		
U. S. Trustee Quarterly Fees		3,500
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses	\$0	\$3,500
Income Taxes		
Net Profit (Loss)	(\$6,048)	\$3,171

\* Insider" is defined in 11 U.S.C. Section 101(31)

FORM 100-2

2004

STM04336

Stambaugh Aviation, Inc.  
Debtor

Case No. 1:02-03208  
Reporting Period December 1 thru December 31, 2001

## STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY	Month	Cumulative Filing to Date
Other Costs		
Other Operational Expenses		
Licenses		
Uniforms		143
Dues	165	1,389
Training		1,118
Tools		-46
Other Income		
Other Expenses		
Other Reorganization Expenses		

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:  
Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item

FORM MOR-2 (CONT)  
(9/99)

## BALANCE SHEET

The Balance Sheet is to be completed on an annual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Equivalents	193,876	6,861
Restricted Cash and Cash Equivalents (see continuation sheet)		
Accounts Receivable (Net)	91,335	13,292
Notes Receivable		
Inventories	129,382	132,921
Prepaid Expenses		4,066
Professional Retainers		
Other Current Assets (attach schedule)	0	
<b>TOTAL CURRENT ASSETS</b>	<b>\$226,224</b>	<b>\$159,143</b>
<b>PROPERTY AND EQUIPMENT</b>		
Real Property and Improvements		
Machinery and Equipment	554,258	554,258
Furniture, Fixtures and Office Equipment	169,391	169,391
Leasehold Improvements	24,314	24,314
Vehicles	16,706	16,706
Less Accumulated Depreciation	(668,788)	(652,181)
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>\$26,961</b>	<b>\$43,488</b>
<b>OTHER ASSETS</b>		
Loans to Insiders*		
Other Assets (attach schedule)	11,912	11,912
<b>TOTAL OTHER ASSETS</b>	<b>\$11,912</b>	<b>\$11,912</b>
<b>TOTAL ASSETS</b>	<b>\$259,127</b>	<b>\$214,570</b>

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>		
Accounts Payable	111,224	
Taxes Payable (refer to FORM 980-4)	5,254	
Wages Payable (Paid 15/04)	23,091	
Notes Payable		
Rent - Leases - Building Equipment		
Secured Debt - Adequate Protection Payments		
Professional Fees		
Amounts Due to Insiders*		
Other Postpetition Liabilities (attach schedule)	93,086	
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>\$233,865</b>	<b>\$0</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt	455,659	499,915
Priority Debt	175,571	584,074
Unsecured Debt	746,447	754,225
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>\$1,677,977</b>	<b>\$1,838,212</b>
<b>TOTAL LIABILITIES</b>	<b>\$1,911,842</b>	<b>\$1,838,212</b>
<b>OWNER EQUITY</b>		
Capital Stock	160	160
Additional Paid-In Capital		
Partners' Capital Account		
Owner's Equity Account		
Retained Earnings - Pre-Petition	(1,655,986)	(1,623,742)
Retained Earnings - Postpetition	3,171	
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
<b>NET OWNER EQUITY</b>	<b>(\$1,652,715)</b>	<b>(\$1,623,642)</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$259,127</b>	<b>\$214,570</b>

\*Insider\* is defined in 11 U.S.C. Section 101(31)

FORM 980-3  
(9/98)

[illegible]

Reporting Period December 1991 - December 31, 2003

## BALANCE SHEET 1 - continuation sheet

<b>ASSETS</b>	<b>BOOK VALUE AT END OF CURRENT REPORTING MONTH</b>	<b>BOOK VALUE ON PETITION DATE</b>
<b>Other Current Assets:</b>		
Prepaid Insurance		
_____		
_____		
_____		
_____	\$0	
<b>Other Assets:</b>		
Security Deposit	11,942	11,942
_____		
_____		
_____		
_____		
<b>LIABILITIES AND OWNER EQUITY</b>	<b>BOOK VALUE AT END OF CURRENT REPORTING MONTH</b>	<b>BOOK VALUE ON PETITION DATE</b>
<b>Other Postpetition Liabilities:</b>		
Accrued Interest Payable to Bank	1,754	
Due to affiliated company	91,662	
_____		
_____		
_____	93,416	
<b>Adjustments to Owner Equity</b>		
_____		
_____		
_____		
_____		
_____		
<b>Postpetition Contributions (Distributions) (Draws)</b>		
_____		
_____		
_____		
_____		
_____		

Restricted Cash: cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

FORM 100-3 (CONT)  
(9-99)

STM04339



Case: 1:00-cv-00660-YK-JAS  
 Date Filed: 07/05/2007  
 Page: 14 of 32

Case: 1:00-cv-00660-YK-JAS  
 Date Filed: 07/05/2007  
 Page: 14 of 32

### STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.  
 Attach photocopies of IRS Form 941 or payment receipt to verify payment or deposit of federal payroll taxes.  
 Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
<b>Federal</b>						
Withholding	0.00	1,071.91	1,071.91	12-10-1224	EFT	0.00
FICA-Employee	0.00	1,251.23	1,251.23	12-10-1224	EFT	0.00
FICA-Employer	0.00	1,251.23	1,251.23	12-10-1224	EFT	0.00
Unemployment (Due quarterly)	\$22.35	213.93				1,076.28
Income						0.00
Other						0.00
<b>Total Federal Taxes</b>	<b>\$22.35</b>	<b>\$3,541.33</b>	<b>\$3,577.40</b>			<b>\$1,076.28</b>
<b>State and Local</b>						
Withholding	3,510.91	2,812.65	5,629.85	12-13-1215	UCB 11296-321	693.71
Sales						0.00
Excise						0.00
Unemployment (Due quarterly)	2,692.05	\$31.70				3,523.75
Real Property						0.00
Personal Property						0.00
Other						0.00
<b>Total State and Local</b>	<b>\$6,202.96</b>	<b>\$2,844.35</b>	<b>\$5,629.85</b>			<b>\$4,217.46</b>
<b>Total Taxes</b>	<b>\$6,225.31</b>	<b>\$6,385.68</b>	<b>\$9,207.25</b>			<b>\$5,293.74</b>

### SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	10-30	31-60	61-90	Over 90	
Accounts Payable	23,185	61,198	24,461			111,054
Notes Payable (Paid 10/6/06)	23,641					23,641
Taxes Payable	5,251					5,251
Rent Leases-Building						0
Rent Leases-Equipment						0
Secured Debt Adequate Protection Payments						0
Professional Fees						0
Amounts Due to Insiders*						0
Other Interest Payable to Bank	1,734					1,734
Other Accrued Expenses	91,062					91,062
<b>Total Postpetition Debts</b>	<b>117,156</b>	<b>61,198</b>	<b>24,461</b>	<b>0</b>	<b>0</b>	<b>233,865</b>

Explain how and when the Debtor intends to pay any past-due postpetition debts:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\*"Insider" is defined in 11 U.S.C. Section 101(31).

FORM MOR-4  
 (5-99)

Case No. 1:00-cv-00660  
Debtor

Case No. 1:00-cv-00660  
Reporting Period December 1 thru December 31, 2006

### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	91,335
+ Amounts billed during the period	18,579
- Amounts collected during the period	18,579
Total Accounts Receivable at the end of the reporting period	91,335

Accounts Receivable Aging	Amount
0 - 30 days old	
31 - 60 days old	
61 - 90 days old	53,607
91+ days old	37,728
Total Accounts Receivable	91,335
Amount considered uncollectible (Bad Debt)	
Accounts Receivable (Net)	91,335

### DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1 Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2 Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3 Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4 Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	

FORM MOR-5  
(9/99)

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF PENNSYLVANIA**

In re: Stambaugh's Air Service, Inc.

Case No. 1-02-03207  
Reporting Period: December 1 thru December 31, 2003

**MONTHLY OPERATING REPORT**

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CONT)	X	
Copies of bank statements		X	
Cash disbursements journals			
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Postpetition Debts	MOR-4	X	
Listing of aged accounts payable			
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Debtor Questionnaire	MOR-5	X	

I declare under penalty of perjury (28 U S C Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief

\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Authorized Individual\*

\_\_\_\_\_  
Date

2/27/04

Mark R. Stambaugh

Printed Name of Authorized Individual

President

Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

FORM MOR  
(9/99)

STM04342

In re: Stambaugh's Air Service, Inc.  
Debtor

Case No. 1-02-03207  
Reporting Period: December 1 thru December 31, 2003

### SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

	BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE YTD TO DATE	
	OPER.	OPER.	PAYROLL	PAYROLL	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	0.00	16,914.63	0.00	15,124.78	32,039.41		43,308.37	
RECEIPTS:								
CASH SALES					0.00		409,308.44	
ACCOUNTS RECEIVABLE		48,782.44			48,782.44		4,284,305.80	
LOANS AND ADVANCES					0.00		1,550.00	
SALE OF ASSETS					0.00		1,000.00	
OTHER (ATTACH LIST)		4,058.30			4,058.30		275,679.40	
TRANSFERS (FROM DIP ACCTS)		2,720.00		31,575.00	34,295.00		2,525,070.43	
							0.00	
<b>TOTAL RECEIPTS</b>	<b>0.00</b>	<b>55,560.74</b>	<b>0.00</b>	<b>31,575.00</b>	<b>87,135.74</b>	<b>0.00</b>	<b>7,496,914.07</b>	<b>0.00</b>
DISBURSEMENTS:								
NET PAYROLL		466.46		19,334.60	19,801.06		1,895,496.66	
PAYROLL TAXES		3,090.11		9,776.96	12,867.07		948,702.18	
SALES, USE, & OTHER TAXES					0.00		4,550.16	
INVENTORY PURCHASES					0.00		619,826.93	
SECURED/ RENTAL/ LEASES		13,267.90			13,267.90		602,890.21	
INSURANCE		12,180.36			12,180.36		476,815.07	
ADMINISTRATIVE		81.08			81.08		24,158.39	
SELLING		2,769.24			2,769.24		45,302.55	
OTHER (ATTACH LIST)		567.24			567.24		311,076.66	
OWNER DRAW *								
TRANSFERS (TO DIP ACCTS)		31,575.00		2,720.00	34,295.00		2,525,070.43	
PROFESSIONAL FEES					0.00		36,237.00	
U.S. TRUSTEE QUARTERLY FEES					0.00		26,750.00	
COURT COSTS								
<b>TOTAL DISBURSEMENTS</b>	<b>0.00</b>	<b>63,997.39</b>	<b>0.00</b>	<b>31,831.56</b>	<b>95,828.95</b>	<b>0.00</b>	<b>7,516,876.24</b>	<b>0.00</b>
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	<b>0.00</b>	<b>(8,436.65)</b>	<b>0.00</b>	<b>(256.56)</b>	<b>(8,693.21)</b>	<b>0.00</b>	<b>(19,962.17)</b>	<b>0.00</b>
CASH - END OF MONTH	<b>0.00</b>	<b>8,477.98</b>	<b>0.00</b>	<b>14,868.22</b>	<b>23,346.20</b>	<b>0.00</b>	<b>23,346.20</b>	<b>0.00</b>

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

#### THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	95,828.95
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	34,295.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	<b>61,533.95</b>

FORM MOR-1  
(9/99)

In re: Stambaugh's Air Service, Inc.  
Debtor

Case No 1-02-03207  
Reporting Period:December 1 thru December 31, 2003

Other Disbursements

Rep. & Maintenance	264.73
Travel Exp.	
Utilities	302.51
Dues & Subscriptions	
Employee Benefits	
	<u>567.24</u>

Other Receipts

Employee Benefits	4,058.30
Insurance refund	
Other Receivables	
	<u>4,058.30</u>





In re: Stambaugh's Air Service, Inc.  
Debtor

Case No. 1-02-03207  
Reporting Period: December 1 thru December 31, 2003

**STATEMENT OF OPERATIONS**  
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	Month	Cumulative YTD to Date
Gross Revenues	\$48,782	4,883,750
Less: Returns and Allowances		
Net Revenue	\$48,782	\$4,883,750
<b>COST OF GOODS SOLD</b>		
Beginning Inventory	453,413	456,807
Add: Purchases	410	282,733
Add: Cost of Labor	2,793	1,809,707
Add: Other Costs (attach schedule)		
Less: Ending Inventory	453,413	453,413
Cost of Goods Sold	\$3,203	\$2,095,834
Gross Profit	\$45,579	\$2,787,916
<b>OPERATING EXPENSES</b>		
Advertising		1,177
Auto and Truck Expense		1,615
Bad Debts		
Contributions		
Employee Benefits Programs	866	113,458
Insider Compensation*		
Insurance	22,375	279,554
Management Fees/Bonuses		
Office Expense		11,292
Pension & Profit-Sharing Plans		
Repairs and Maintenance	201	112,670
Rent and Lease Expense		200,886
Salaries/Commissions/Fees	20,048	846,736
Supplies		21,545
Taxes - Payroll	1,953	220,272
Taxes - Real Estate		21,363
Taxes - Other		12,281
Travel and Entertainment		57,823
Utilities	1,735	105,640
Other (attach schedule)		9,933
Total Operating Expenses Before Depreciation	\$47,178	2,016,245
Depreciation/Depletion/Amortization	3,998	87,001
Net Profit (Loss) Before Other Income & Expenses	(\$5,597)	684,670
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (attach schedule)		
Interest Expense	5,701	122,498
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	(\$11,298)	562,172
<b>REORGANIZATION ITEMS</b>		
Professional Fees		38,386
U. S. Trustee Quarterly Fees		26,000
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		
Gain (Loss) from Sale of Equipment		(1,000)
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses	\$0	63,386
Income Taxes		
Net Profit (Loss)	(\$11,298)	\$498,786

\*"Insider" is defined in 11 U.S.C. Section 101(31)

FORM MOR-2

(9/99)

STM04346

In re: Stambaugh's Air Service, Inc  
Debtor

Case No. 1-02-03207  
Reporting Period: December 1 thru December 31, 2003

# STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY	Month	Cumulative Filing to Date
<b>Other Costs</b>		
<b>Other Operational Expenses</b>		
<b>Other Income</b>		
<b>Other Expenses</b>		
Employee Training		2,324
Dues and Subscriptions		5,720
Security (Airport Badges)		1,230
Uniforms		659
<b>Other Reorganization Expenses</b>		

## Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item

FORM MOR-2 (CONT)  
(9/99)

In re: Stambaugh's Air Service, Inc.  
Debtor

Case No. 1-02-03207  
Reporting Period: December 1 thru December 31, 2003

## BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Equivalents	23,646	43,308
Restricted Cash and Cash Equivalents (see continuation sheet)		
Accounts Receivable (Net)	737,699	1,059,340
Notes Receivable		
Inventories	453,413	456,807
Prepaid Expenses		
Professional Retainers		
Other Current Assets (attach schedule)	1,541,530	846,334
<b>TOTAL CURRENT ASSETS</b>	<b>\$2,756,288</b>	<b>\$2,405,789</b>
<b>PROPERTY AND EQUIPMENT</b>		
Real Property and Improvements	768,456	768,456
Machinery and Equipment	1,821,285	1,816,780
Furniture, Fixtures and Office Equipment	289,866	283,755
Leasehold Improvements	443,504	443,504
Vehicles	518,287	521,787
Less Accumulated Depreciation	(3,175,576)	(3,092,073)
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>\$665,822</b>	<b>\$742,209</b>
<b>OTHER ASSETS</b>		
Loans to Insiders*		
Other Assets (attach schedule)	3,733,605	3,777,211
<b>TOTAL OTHER ASSETS</b>	<b>\$3,733,605</b>	<b>\$3,777,211</b>
<b>TOTAL ASSETS</b>	<b>\$7,155,715</b>	<b>\$6,925,209</b>

LIABILITIES AND OWNERS' EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Post-Petition)</b>		
Accounts Payable	49,638	
Taxes Payable (refer to FORM MOR-4)	32,047	
Wages Payable (Paid 1/5/04)	7,230	41,020
Notes Payable		
Rent / Leases - Building/Equipment		
Secured Debt / Adequate Protection Payments		
Professional Fees		
Amounts Due to Insiders*		
Other Postpetition Liabilities (attach schedule)	5,896	
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>\$94,811</b>	<b>\$41,020</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt	1,585,093	1,633,050
Priority Debt	752,216	947,099
Unsecured Debt	1,018,703	1,097,934
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>\$3,356,012</b>	<b>\$3,678,083</b>
<b>TOTAL LIABILITIES</b>	<b>\$3,450,823</b>	<b>\$3,719,103</b>
<b>OWNER EQUITY</b>		
Capital Stock	10,000	10,000
Additional Paid-In Capital	3,296	3,296
Partners' Capital Account		
Owner's Equity Account		
Retained Earnings - Pre-Petition	3,192,810	3,192,810
Retained Earnings - Postpetition	498,786	
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
<b>NET OWNER EQUITY</b>	<b>\$3,704,892</b>	<b>\$3,206,106</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$7,155,715</b>	<b>\$6,925,209</b>

FORM MOR-3  
(9/99)

\* "Insider" is defined in 11 U.S.C. Section 101(31)



In re: Stambaugh's Air Service, Inc.  
Debtor

Case No. 1-02-03207  
Reporting Period: December 1 thru December 31, 2003

## BALANCE SHEET - continuation sheet

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets		
Prepaid Expenses	59,312	119,813
Security Bond		149,976
Due from Affiliated companies	888,929	576,545
Work-in-progress	593,289	
	1,541,530	
Other Assets		
N/R - Shareholder	3,476,620	3,514,078
Security Deposits	24,000	26,000
N/R - Other	232,985	237,133
	3,733,605	
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Postpetition Liabilities		
Accrued Interest Payable to Bank	5,896	
Adjustments to Owner Equity		
Postpetition Contributions (Distributions) (Draws)		

Restricted Cash: cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

FORM MOR-3 (CONT)  
(9/99)

STM04349



In re: Stanbaugh's Air Service, Inc  
Debtor

Case No. 1-02-03207  
Reporting Period: December 1 thru December 31, 2003

### STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.  
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.  
Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
<b>Federal</b>						
Withholding	0.00	2,290.16	2,290.16	12/10 & 12/24	EFT	0.00
FICA-Employee	0.00	1,954.70	1,954.70	12/10 & 12/24	EFT	0.00
FICA-Employer	0.00	1,954.70	1,954.70	12/10 & 12/24	EFT	0.00
Unemployment (Paid quarterly)	3,569.61					3,569.61
Income						0.00
Other:						0.00
<b>Total Federal Taxes</b>	<b>\$3,569.61</b>	<b>\$6,199.56</b>	<b>\$6,199.56</b>			<b>\$3,569.61</b>
<b>State and Local</b>						
Withholding	370.11	714.88	733.24	12/3 & 12/15	Ch#11316 & 31	351.75
Sales	0.00					0.00
Excise	0.00					0.00
Unemployment (Paid quarterly)	6,749.06	5.34				6,754.34
Real Property	18,726.18					18,726.18
Personal Property						0.00
Other: Local Tax W/H (Paid quarterly)	2,513.80	369.09	237.93	12/15	Ch# 11320	2,644.96
<b>Total State and Local</b>	<b>\$28,359.09</b>	<b>\$1,089.31</b>	<b>\$971.17</b>			<b>\$28,477.23</b>
<b>Total Taxes</b>	<b>\$31,928.70</b>	<b>\$7,288.87</b>	<b>\$7,170.73</b>			<b>\$32,046.84</b>

### SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable

	Current	0-30	31-60	61-90	Over 90	Total
Accounts Payable	2,494	4,178	21,065	0	21,901	49,638
Wages Payable (Paid 1/5/04)	7,230					7,230
Taxes Payable	32,047					32,047
Rent/Leases-Building						0
Rent/Leases-Equipment						0
Secured Debt/Adequate Protection Payments						0
Professional Fees						0
Amounts Due to Insiders*						0
Other: Interest Payable to Bank	5,896					5,896
Other:						0
<b>Total Postpetition Debts</b>	<b>47,667</b>	<b>4,178</b>	<b>21,065</b>	<b>0</b>	<b>21,901</b>	<b>94,811</b>

Explain how and when the Debtor intends to pay any past-due postpetition debts.

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\*"Insider" is defined in 11 U.S.C. Section 101(31).

FORM MOR-4  
(9/99)

In re: Stambaugh's Air Service, Inc  
Debtor

Case No. 1-02-03207  
Reporting Period: December 1 thru December 31, 2005

### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation:	Amount:
Total Accounts Receivable at the beginning of the reporting period	1,243,760
+ Amounts billed during the period	48,782
- Amounts collected during the period	48,782
Total Accounts Receivable at the end of the reporting period	1,243,760

Accounts Receivable Aging:	Amount:
0 - 30 days old	
31 - 60 days old	
61 - 90 days old	
91+ days old	1,243,760
Total Accounts Receivable	1,243,760
Amount considered uncollectible (Bad Debt)	506,061
Accounts Receivable (Net)	737,699

### DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	

FORM MOR-5  
(9/99)

Combined SAS / SAI - 2004

Source Trial Balance

## REVENUE

ACT #	Description	Total	Pro-Rated non related costs	4/20/2005 "000" SAS	4/6/2005 "001" SAI
3230	Aircraft Maintenance	727390		727390	
		1223283			1367896
	Corrections to sales act.				
	4th Q transfer SAS				-135000
	4th Q Debt payment				-9613
	Total Revenue	1950673			

## COST OF SALES

4057	Sub Contract Cost	254879		91783	163296
4059	AC Maint Parts	50279			50279
4060	Gas/Oil	7172			7172
4070	Maint Rep Equip	20143		2513	17630
4072	Parts	110818		1114	109704
4080	Maint Rep Buildings	10572		1675	8897
4090	Utilities	44083		5241	38842
4339	Cost of Sales misc	2942			2942
4100	Health (Total)	36980	-12327	42314	6993
4102	Empl Ben (total)	5380	-1794	4240	2925
4110	General Ins (Auto, WC,etc)	108044		108044	
4120	Per Diem	141463		46843	94620
4200	Freight	17309		11432	5877
4280	Vac/Holiday	24782		24782	
4290	Payroll Tax	60198	-20066	36456	43808
4370	Depreciation non G and A	29608		21540	8068
4381	Msc Labor Payroll	640485		20207	620278
4165	Rent Cost of Sales	4929			4929
4220	Tools	4420			4420
4335	Equip Rental	1360			1360
4336		2316			2316
4151	Sales Comish.	30004		29081	923
	Total Cost of Sales	1608166	-34187	447074	1195279

Gross Profit	342507
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Total		Pro-rate Non-Profit Part. P. 2.6	4/500 "000" SAB	4/500 "001" SAT
Revenue				
4110	Descriptive Aircraft Material	(727390)	727390	
Corrections (as per Mr. 4110)				1367840
4110 01 Transfers from SAB				(135000)
4110 01 Debt Payable				(9613)
Total Revenue		(1950673)		
Cost of Sale				
4051	Sub-tractor Costs	254870	91583	163226
4051	Ins. Material - PARTS	50270		50279
4060	Gas/Oil	772		7172
4070	M/R Equip	20143	2513	17630
4072	Parts	110313	1114	109704
4090	M/R Bldg	10572	11675	8397
4092	Utilities	44083	5241	38842
4100	Health (Total)	2942		2112
4102	Employee Payroll (Total)	34980	(12327)	6993
4110	General Exp. (Auto)	5390	(1794)	2925
4110	Worker Comp. Life/Health	108044	108044	
4120	Problems	141463	46843	74620
4200	Freight	17304	11432	5977
4280	Variation Work	24782	24782	
4270	Payroll Tax (Total)	60193	(20066)	43309
4301	Depreciation GSA	29603	36456	8269
4381	M/R Labor - Payroll	640435	21540	551273
4155	Part Cost of Sale	4929	20207	4929
4120	Tools	4420		4420
4135	Equip Rental	1360		1360
4136		2316		2316
4151	Sale Commission	30004	29081	923
Cost of Sale		(1608166)	447074	195279
4030	50% GSA	1644789	260715	620279
Payroll Compound 30 58 h.			GSA	163296
			249009	
			Rdnt	
			2572	

**2005 Financial Statement**

Gross Revenues	\$	1,928,100
Direct Cost of Revenues	\$	1,798,340
Indirect Costs of Revenues		
Bank	\$	385,000
Total Costs of Revenues	\$	2,183,340
Uncollected/Bad debt	\$	63,808
Gross Profit	\$	(319,048)
Loss before Other income	\$	(319,048)
Other Income		
Gain on involuntary Conversion of equipt	\$	-
Interest Income	\$	-
Total Other Income	\$	-
Total Other income Expense	\$	-
Net Loss	\$	(319,048)
Retained Earnings at the beinning of the year	\$	(1,349)
Retained Earnings at end of the year	\$	22,339



Balance Sheet                      Stambaugh Aviation                      01/01/06 thru 12/31/06

Current Assets:

Cash	\$ 187,000
Receivables	
Trade	3,215,129
Affiliates	-
Employees and Others	1,879
Cost and Estimated Earnings in excess of Billings Open Contracts	
Vision Air	250,000
Xtra Airways	485,000
Imobiliari (B727)	2,500,000
Inventory	355,147
Total Current Assets	<u>\$ 6,807,155</u>

Property & Equipment:

Land & Buildings (2000 Appraisal)	4,400,000
Equipment & Vehicles	545,000
Leasehold Improvements	12,000
Total P P & E	<u>\$ 11,764,155</u>

Notes Receivable - Long Term	-
Notes Receivable - Shareholder	-
Security Deposits	-
Investmant in Real Estate	-

Other Assets:

3 ea B727-200 Fuselages	1,300,000
3ea JT8-15 Powerplants	450,000
Total Other Assets	<u>1,750,000</u>

Total Assets                      \$ 13,514,155

Current Liabilities:

Notes Payable:	
Bank	\$ 2,581,000
Stockholders	-
Other	443,146
Taxes Payable	-
A/P and Accrued Expenses	41,389
Total Current Liabilities	<u>3,065,535</u>

Long Term Debt - Net of Current                      3,024,146

Statement of Income	Stambaugh Aviation	01/01/06 thru 12/31/06
Direct Cost of Sales:		
	Accounts Payables & Utilities	890.587
	Direct Labor & Taxes	1,693.750
	Indirect Labor & Taxes	184.683
	Insurance/Workers Compensation	1,878
	Employee Loans	\$ 2,970,669
	Total Direct Costs of Sales	
Indirect Cost of Sales:		
	Airport Rent	58,268
	Other Costs	
	Bank Payments	408,863
	Uncollected/Bad Debt	468,231
	Total Indirect Costs to Sales	
	Total Costs of Sales	\$ 3,438,119
Gross Profit		\$ 288,162

2006 Date	January	February	March	April	May	June	July	August	September	October	November	December
Gross Payroll & Taxes	126,488	123,164	135,965	223,636	148,387	135,088	143,712	127,770	147,565	244,105	163,266	176,584
Rent	4,939	4,939	4,939	4,939	4,939	4,939	4,939	4,939	4,939	4,939	4,939	4,939
Insurances	8,406	9,610	48,128	9,083	9,338	28,689	8,941	26,231	7,486	6,310	8,774	11,626
A/P Totals	218,071	44,367	87,745	45,473	55,155	42,142	43,489	64,094	109,144	81,020	103,379	137,326
Per Diem/Travel/Hisc.	478	1,200	10,852	1,801	7,825	10,448	3,287	2,802	2,898	3,730	2,891	790
Bank Payments	40,413	17,868	17,855	34,807	38,589	35,973	36,573	35,915	38,465	38,185	37,410	37,910
Total Expenditures	208,856	201,148	306,484	318,828	260,234	257,277	240,941	261,751	311,598	378,289	321,658	369,175
Receivables Collected	175,879	260,995	803,422	41,703	64,514	449,631	69,733	279,276	371,954	562,039	135,862	512,152
Balance	(32,977)	59,847	496,938	(278,036)	(185,690)	182,354	(171,208)	17,525	60,356	183,750	(165,786)	142,977
Uncollected/Bad Debt												
Adjusted Balance	(32,977)	59,847	496,938	(278,036)	(185,690)	182,354	(171,208)	17,525	60,356	183,750	(165,786)	142,977
1st Quarter Balance												623,808
2nd Quarter Balance												(281,372)
3rd Quarter Balance												(93,377)
4th Quarter Oc/Nov												140,931
Uncollected/Bad Debt												
Year To Date Balance	0	0	0	0	0	0	0	0	0	0	0	200,041

10/1/07

Statement of Income	Stambaugh Aviation	01/01/06 thru 12/31/06
Direct Cost of Sales:		
	Accounts Payables & Utilities	590.587
	Direct Labor & Taxes	1,893.730
	Indirect Labor & Taxes	
	Insurance/Workers Compensation	184.893
	Employee Loans	1.879
	Total Direct Costs of Sales	<u>\$ 2,870.869</u>
Indirect Cost of Sales:		
	Airport Rent	59.268
	Other Costs	
	Bank Payments	408.963
	Uncollected/Bad Debt	-
	Total Indirect Costs to Sales	<u>468.231</u>
	Total Costs of Sales	<u>\$ 3,439,119</u>
Gross Profit		<u>\$ 288,162</u>

0 - \$

0 - \$

0 - \$

0 - \$

0 - \$

3,727,220

3,439,058

756,162

756,162

3,727,220

3,439,058

0 - \$

0 - \$